

Message Text

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INFO OCT-01 ISO-00 EB-07 COME-00 STR-04 INT-05 L-02

CIAE-00 INR-07 NSAE-00 AGR-05 IO-10 OPIC-03 SP-02

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C O N F I D E N T I A L SECTION 01 OF 02 LONDON 05454

E.O. 11652: XGDS-1

TAGS: UNGA, EGEN

SUBJECT: BRITISH IDEAS ON COMMODITIES

REF: LONDON 5370

SEPTTEL WILL REPORT MAITLAND'S PRESENTATION AND COMMENTS THIS MORNING ON BRITISH IDEAS ON COMMODITIES IN CONNECTION WITH COMMONWEALTH CONFERENCE. FOLLOWING ARE LISTS OF POSSIBLE GENERAL COMMITMENTS AND SPECIFIC PROPOSALS WHICH HE GAVE US IN THIS CONTEXT. MAITLAND EMPHASIZED THESE POINTS AND ENTIRE PRESENTATION GIVEN IN STRICT CONFIDENCE.

QUOTE

1. GENERAL COMMITMENTS

A. TO RECOGNISE THE INTER-DEPENDENCE OF PRODUCERS AND CONSUMERS, AND THE DESIRABILITY OF CONDUCTING TRADE IN COMMODITIES IN ACCORDANCE WITH EQUITABLE ARRANGEMENTS WORKED OUT IN AGREEMENT BETWEEN PRODUCERS AND CONSUMERS.

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B. ON THE PART OF PRODUCER COUNTRIES, TO MAINTAIN
ADEQUATE AND SECURE SUPPLIES TO CONSUMER COUNTRIES.

C. ON THE PART OF CONSUMER COUNTRIES, TO IMPROVE
ACCESS TO MARKETS FOR THE COMMODITIES OF INTEREST TO
DEVELOPING PRODUCERS.

D. TO ESTABLISH THE PRINCIPLE THAT COMMODITY
PRICES SHOULD BE EQUITABLE TO CONSUMERS AND REMUNERATIVE
TO EFFICIENT PRODUCERS AND AT A LEVEL WHICH WILL EN-
COURAGE LONGER-TERM EQUILIBRIUM BETWEEN PRODUCTION AND
CONSUMPTION.

E. TO RECOGNISE IN PARTICULAR THE NEED TO EXPAND
THE TOTAL PRODUCTION OF ESSENTIAL FOODSTUFFS.

F. TO RECOGNISE THE PRINCIPLE OF SOVEREIGNTY OVER
NATURAL RESOURCES, TO BE EXERCISED WITH DUE REGARD FOR
INTERNATIONAL LAW.

G. TO ESTABLISH THE PRINCIPLE OF PARITY IN CON-
DITIONS OF ACCESS TO RAW MATERIAL SUPPLY BETWEEN DOMESTIC
AND FOREIGN USERS.

H. TO ENCOURAGE THE EFFICIENT DEVELOPMENT,
PRODUCTION AND MARKETING OF COMMODITIES (MINERAL OR
AGRICULTURAL) AND DIVERSIFICATION AND THE EFFICIENT
PROCESSING OF COMMODITIES IN DEVELOPING COUNTRIES,
INCLUDING THE IMPLEMENTATION OF EFFECTIVE PRODUCTION
POLICIES AND IMPROVED QUALITY CONTROLS.

I. TO THIS END, TO ESTABLISH THE PRINCIPLE THAT

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GOVERNMENTS SHOULD RESPECT CONTRACTUAL COMMITMENTS AND SAFEGUARD FOREIGN INVESTMENT AND PROVIDE PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION FOR ANY ACT OF EXPROPRIATION OR NATIONALISATION.

2. SPECIFIC PROPOSALS

A. TO ESTABLISH BETTER EXCHANGES OF INFORMATION ON FORWARD SUPPLY AND DEMAND.

B. TO ELABORATE MORE SPECIFIC RULES TO DEFINE THE CIRCUMSTANCES IN WHICH IMPORT AND EXPORT RESTRICTIONS MAY BE APPLIED TO COMMODITIES, AS EXCEPTIONS TO THE PRINCIPLES IN GC (B) AND (C).

C. TO EXTEND EXISTING PRODUCER ASSOCIATIONS TO INCLUDE CONSUMER REPRESENTATION.

D. TO GIVE FRESH IMPETUS TO THE JOINT EFFORTS OF PRODUCERS AND CONSUMERS TO IDENTIFY COMMODITIES
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APPROPRIATE TO THE CONCLUSION OF INTERNATIONAL AGREEMENTS DESIGNED TO FACILITATE THE ORDERLY CONDUCT AND DEVELOPMENT OF TRADE; TO ANALYSE COMMODITY BY COMMODITY THE APPROPRIATE MECHANISMS FOR THE REGULATION OF TRADE WITHIN THE FRAMEWORK OF SUCH AGREEMENTS (INTERNATIONAL BUFFER STOCKS, CO-ORDINATION OF NATIONALLY HELD STOCKS, PRODUCTION CONTROLS AND EXPORT QUOTAS); AND TO EXAMINE WAYS IN WHICH ANY FINANCIAL BURDEN ARISING FROM THESE MECHANISMS MAY BE APPROPRIATELY FINANCED.

E. TO AGREE THAT THE REGULATORY MECHANISMS INCORPORATED IN ANY INTERNATIONAL COMMODITY AGREEMENT WOULD BE DIRECTED TOWARDS THE MAINTANANCE OF MARKET PRICES WITHIN A RANGE NEGOTIATED IN ACCORDANCE WITH THE

PRINCIPLES IN GC (D).

F. TO ESTABLISH THE FRAMEWORK OF A SCHEME FOR THE
STABILISATION OF EXPORT EARNINGS FROM COMMODITIES.
(SUCH A SCHEME MIGHT INCLUDE PROVISION FOR CONCESSIONARY
FINANCING DIRECTED TO ONLY THE POOREST PRODUCER COUN-
TRIES, TOGETHER WITH SOME LIMIT ON EXPENDITURE.) UNQUOTE
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMODITIES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON05454
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D750125-0984
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750463/aaaacgbd.tel
Line Count: 177
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 LONDON 5370
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 17 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 APR 2003 by BoyleJA>; APPROVED <17 SEP 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRITISH IDEAS ON COMMODITIES
TAGS: EGEN, UNGA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006